

**LODI CITY COUNCIL  
REGULAR CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
WEDNESDAY, JUNE 7, 2006**

**C-1     CALL TO ORDER / ROLL CALL**

The City Council Closed Session meeting of June 7, 2006, was called to order by Mayor Pro Tempore Johnson at 6:05 p.m.

Present: Council Members – Beckman, Hansen, Johnson, and Mounce

Absent: Council Members – Mayor Hitchcock

Also Present: City Manager King, City Attorney Schwabauer, and Interim City Clerk Perrin

**C-2     ANNOUNCEMENT OF CLOSED SESSION**

- a) Conference with legal counsel – anticipated litigation – significant exposure to litigation pursuant to subdivision (b) of §54956.9; one case; pursuant to Government Code §54956.9(b)(3)(A) facts, due to not being known to potential plaintiffs, shall not be disclosed
- b) Conference with Blair King, City Manager, and Jim Krueger, Deputy City Manager (Acting Labor Negotiators), regarding Lodi Professional Firefighters, pursuant to Government Code §54957.6

**C-3     ADJOURN TO CLOSED SESSION**

At 6:05 p.m., Mayor Pro Tempore Johnson adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:48 p.m.

**C-4     RETURN TO OPEN SESSION / DISCLOSURE OF ACTION**

At 7:00 p.m., Mayor Pro Tempore Johnson reconvened the City Council meeting, and City Attorney Schwabauer disclosed that Items C-2 (a) and (b) were discussion only.

**A.     CALL TO ORDER / ROLL CALL**

The Regular City Council meeting of June 7, 2006, was called to order by Mayor Pro Tempore Johnson at 7:00 p.m.

Present: Council Members – Beckman, Hansen, Johnson, and Mounce

Absent: Council Members – Mayor Hitchcock

Also Present: City Manager King, City Attorney Schwabauer, and Interim City Clerk Perrin

**B.     INVOCATION**

The invocation was given by Pastor Steve Newman, First Baptist Church.

**C.     PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mayor Pro Tempore Johnson.

**D.     AWARDS / PROCLAMATIONS / PRESENTATIONS**

D-1     Awards – None

D-2 (a) Mayor Hitchcock presented a proclamation to Dennis Callahan, Fleet and Facilities Manager, and Randy Laney, Fleet Services Supervisor, proclaiming the week of June 12 to 18, 2006, as “National Automotive Service Professionals Week” in the City of Lodi.

D-3 (a) Kelly Higgs, representing People Assisting the Lodi Shelter (PALS), gave a report on the activities and accomplishments of the PALS organization. Through grants and fundraising, PALS has provided the Lodi Animal Shelter with: medications and vaccinations to treat shelter animals; spaying and neutering fees for adoptions; necessary surgeries for injuries or health problems; supplies, such as bedding, blankets, microscopes, pet food, etc.; supplementing adoption fees; foster homes for animals with special needs and/or

overcrowding; and 1,200 volunteer service hours. Two recent accomplishments are the move and renovation of the PALS adoption shelter and receipt of the Lions Love Lodi grant in the amount of \$10,000. The Lodi Animal Shelter has received over \$50,000 from PALS since January 2005. PALS is currently in the process of implementing a senior Meals on Wheels Program for pets.

D-3 (b) Tiffani Fink gave a presentation regarding the Leadership Lodi Class of 2006 project, "More Meals on New Wheels." There is currently a waiting list for the Meals on Wheels program of 25 to 50 seniors who go without eating. The goal of the class was to raise money, partnered with matching funds, to purchase a second vehicle that could serve approximately 50 more meals. Lindsay Yip reported that \$12,000 is required to purchase the vehicle and the class would be actively fundraising to achieve this goal.

D-3 (c) Interim City Clerk Perrin gave an update on the Centennial activities being planned for 2006.

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E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Beckman, Mounce second, approved the following items hereinafter set forth by the vote shown below:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

E-1 Claims were approved in the amount of \$2,682,234.70.

E-2 The minutes of March 15, 2006 (Regular Meeting), March 29, 2006 (Special Meeting), March 29, 2006 (Special Joint Meeting w/Redevelopment Agency), April 19, 2006 (Regular Meeting), April 19, 2006 (Special Joint Meeting w/Redevelopment Agency), May 3, 2006 (Special Meeting), May 3, 2006 (Regular Meeting), May 9, 2006 (Shirtsleeve Session), May 16, 2006 (Special Joint Meeting w/Lodi Arts Commission), May 17, 2006 (Regular Meeting), and May 30, 2006 (Shirtsleeve Session) were approved as written.

E-3 Approved the plans and specifications and authorized advertisement for bids for the Municipal Service Center Additional Compressed Natural Gas Installation Project.

E-4 Approved the plans and specifications and authorized advertisement for bids for Church Street (Lodi Avenue to Lockeford Street) and Sacramento Street (Elm Street to Lockeford Street) Overlay and Church Street Striping (Lodi Avenue to Kettleman Lane) Project.

E-5 Approved the specifications and authorized advertisement for bids for necessary chemicals for White Slough Water Pollution Control Facility, fiscal year 2006-07.

E-6 Adopted Resolution No. 2006-101 awarding the contract for Asphalt Materials for Fiscal Year 2006-07 to Granite Construction Company, of Stockton, in the amount of \$163,780.

E-7 Adopted Resolution No. 2006-102 awarding the contract for 2006 Handicap Ramp Retrofit Project to A. M. Stephens Construction Company, Inc., of Lodi, in the amount of \$232,365.

E-8 Adopted Resolution No. 2006-103 extending the contract for concession operation at the Adult Softball Complex and Chapman Field to Out of Bounds Concessions, of Stockton, for the remainder of the 2006 season (for the period of May 1, 2006 to December 31, 2006).

E-9 Adopted Resolution No. 2006-104 approving six-month extension of lease of Maple Square, 2 East Lodi Avenue, for the period of June 30, 2006 to December 31, 2006.

E-10 Adopted Resolution No. 2006-105 authorizing the Northern California Power Agency to enter into a sale of a portion of Lodi's rights to combustion turbine capacity in the CT1 Project to the city of Roseville for a four-month period beginning July 1, 2006.

- E-11 Adopted Resolution No. 2006-106 approving destruction of certain Finance Department records.
- E-12 Adopted Resolution No. 2006-107 ratifying the San Joaquin Council of Governments Annual Financial Plan for Fiscal Year 2006-07.
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F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- Jane Lea made the following comments:
  - The City should suspend the \$300,000 for the economic development director position;
  - The City has wasted funds on items such as the \$58,000 spent to fix what a contractor failed to do right the first time on Elm Street;
  - Lodi's past practice did not collect the full value of new citizens moving into Lodi, which she believed was a gift of public funds. Ms. Lea cited the development at the intersection of Mills Avenue and Kettleman Lane and asserted that the electrical lines were installed underground because the developer wished not to view them, the cost for which to the City was \$35,000;
  - It is wasteful to spend \$15,000 a month to rent a facility for the Finance Department when there is a partially vacant public safety building that could be utilized. For the same footage, the City could have renovated it for less than one year of rent;
  - Fees collected from citizens for the purpose of providing services for water, wastewater, and infrastructure replacement need to be in restricted funds to prevent borrowing for other uses. It should not be used for lawsuits or other failed ventures, and the money should not be borrowed without a contract assuring that the money would be paid back with interest;
  - Lodi owns and operates three enterprises: electric, wastewater, and water. Council charges a 12% franchise to Electric Utility and 7% to each of the other enterprises; however, the City charges private enterprises, such as the refuse provider who holds an exclusive contract, only 4.8%. That is a guarantee that the refuse provider will receive almost 100% of its money as the City turns off services for non-payment. The City pays the postage, paper, envelopes, customer service, and collection for \$20,000 a year;
  - Hiring consultants for studies is an easy way out. If things go wrong, it gives staff someone to blame for poor advice, and the Council can use consultants to deflect criticism.
- David Nielsen expressed concern with the increasing violence, drug abuse, and property damage in his neighborhood. There are over 300 documented gang members in Lodi, and the ratio of police officers to gang members in the gang unit is embarrassingly low. The block of east Lodi Avenue, between Center and Garfield Streets, is especially concentrated with gangs. There have been over 837 9-1-1 calls in that one block. Mr. Nielsen has identified seven apartment buildings that are in clear violation of California State Penal Code 186.22(a), which states that every building or place used by a member of a criminal street gang for the purpose of committing an offense is a nuisance and shall be enjoined, abated, and prevented, for which damages may be recovered. At least 11 Lodi Municipal Codes have been violated by these properties as well. The property owners claim they cannot control or secure their properties from public gang traffic to protect their uninvolved tenants. Mr. Nielsen has met with many staff members, as well as the Lodi Improvement Committee, to express his concerns, and he, along with seven other neighbors, will be attempting to enjoin and abate the seven apartment units on the 400 block of E. Locust Street as public nuisance properties. The properties would be relinquished to the City for revitalization, which could generate funds to be utilized for extra police officers or for revitalization programs to benefit the east side of Lodi. The total property value for abatement is estimated at \$2,787,040. If this attempt is successful, the technique could be implemented for other properties south of Elm Street. Several Lodi citizens, police officers, and City officials have scheduled a meeting for June 20 to discuss various strategies to address this problem. Anyone interested in receiving updates on the progress was encouraged to e-mail Mr. Nielsen at [locustblockproject@yahoo.com](mailto:locustblockproject@yahoo.com).

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Mounce thanked Mr. Nielsen for bringing his issue to the City Council and for his efforts to regain control of the neighborhood. She hoped that Council and staff would support his efforts.
  - Council Member Hansen provided updates on the following committees on which he serves:
    - The Northern California Power Agency (NCPA) Law and Legislative Committee has been tracking SB1554 regarding exit fees, which is PG&E's attempt to assess an additional three cents per kilowatt hour charge on future homes that are annexed into Lodi. SB1554 is the combined effort of municipal utilities to prohibit exit fees, and it was unanimously passed by the State Senate Appropriations Committee and is moving forward. Another piece of legislation is AB2021, which is Assemblyman Levin's attempt to assess an additional three cents per kilowatt hour penalty if it is deemed that municipal utilities are not meeting the requirements of AB2021 for energy efficiency. Mr. Levin has agreed to eliminate the penalty provision entirely, which was accomplished through major effort of NCPA and the various municipal utilities.
    - The San Joaquin Council of Governments (SJCOC) recently approved the request for a \$16.66 million State Transportation Improvement Program swap between State Route 12 and an existing project at I-5 and French Camp. The 2006 program did not completely fund the I-5 and French Camp project. Funds in the amount of \$16.7 million were designated to the State Route 12 project; however, as it progressed through Caltrans, there was a problem with the project definition, as well as some geotechnical issues, and it was determined that the project could not go forward in fiscal year 2009-10. On SJCOC's recommendation, the \$16.66 million was transferred to the interchange project at French Camp, and \$600,000 was left in the fund to continue to do the environmental work needed on Highway 12. This moves the Highway 12 project to fiscal year 2011-12 as the highest priority and it allows construction to begin on the French Camp project.
- Mayor Pro Tempore Johnson stated that SJCOC also adjusted the City's request for funding of I-5 to Lodi and he questioned how that happened.
- Council Member Hansen responded that, under the Measure K renewal, the priority has been changed to the I-5 east end of town as the top priority. This is current Measure K funds on the Highway 12 west project, which was designated through the initial set up of the Measure K project list. This does not change the City's recommendation of having the priority set. Mr. Hansen also reported that SJCOC authorized the transfer of \$1.8 million to deliver Lodi's fleet service shop expansion project.
- Mayor Pro Tempore Johnson stated that the City Council received a letter from the American Federation of State, County, and Municipal Employees, which he believed was an inappropriate piece of correspondence as it related to negotiations between bargaining units and the City.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

None.

I. PUBLIC HEARINGS

- I-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Pro Tempore Johnson called for the public hearing to consider adopting resolution implementing previously-authorized Consumer Price Index-based water and wastewater rates.

Public Works Director Prima reported that in 2004, as part of the water and wastewater rate increase, members of the public suggested that the City adjust rates annually, rather than implementing larger increases over multiple years. As part of that rate increase, Council set a policy that the rates be adjusted annually using the Consumer Price Index (CPI) and that the matter be noticed as a public hearing to allow the public an opportunity to comment.

The CPI for the last year is under 2%, which amounts to \$1 a month for a three-bedroom home. Staff received a statewide survey of water rates performed by a private firm, which stated that the statewide average is \$36.39 for monthly water service. With this proposed rate increase, Lodi's rates for a three-bedroom home, which is the most typical customer, would be \$34.35. That figure includes the previously approved increase for PCE/TCE, which will go into effect on July 1. The statewide survey notes that water rates statewide have increased over the last three years an average of 5.6% per year. Lodi's increases are under the statewide average, and at some point the City will need to make adjustments to address factors such as regulatory requirements, costs for utilities, and various other constraints, as well as inflation.

Hearing Opened to the Public

- None.

Public Portion of Hearing Closed

Council Member Mounce stated that she would not support this request because of Measure H (Water Rate Reduction Measure), which will be voted on in November.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, adopted Resolution No. 2006-108 implementing previously-authorized Consumer Price Index-based water and wastewater rates. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, and Johnson

Noes: Council Members – Mounce

Absent: Council Members – Mayor Hitchcock

- I-2 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Pro Tempore Johnson called for the public hearing to review and receive comments regarding City of Lodi 2006-07 recommended draft budget.

Library

Library Services Director Martinez reported that the library provides services to residents to meet their informational, recreational, and learning needs through its collection of books, videos, music CDs, newspapers, magazines, and on-line databases. This fiscal year, library staff and volunteers checked out over 300,000 items, received 25,000 hits to its Web site, welcomed 300,000 visitors to the library building, presented 300 programs for 10,000 children and adults, borrowed 1,100 items from other libraries to meet clients needs, issued 4,000 library cards, provided 2,500 users per month access to a computer, answered 20,000 questions, ordered and processed 10,000 items, and offered 12 series of computer classes to 200 students in the computer learning center. The library budget is \$1.7 million, which represents an increase of 6.6%, and the library employs 16 full-time staff with 2 mandated vacancies. Ms. Martinez highlighted the following 2005-06 accomplishments:

- Started homework help center after school, which is staffed entirely by volunteers;
- Began partnership with Lodi Unified School District to offer additional services and resources to the individuals and organizations that care for preschoolers in order to prepare them for their formal education; and
- Redesigned the look of the library Web site to provide better access to information and resources.

2006-07 emphasis includes:

- Refurbishment of the library interior;
- Creating an emergent literacy program for preschoolers and their families; and
- Implementing a financial literacy program through the adult literacy services.

Mayor Pro Tempore Johnson requested an update on the cost of the library refurbishment project and expressed concern about the heating, ventilation, and air conditioning (HVAC) problem that has yet to be resolved.

Ms. Martinez replied that the refurbishment project is anticipated to cost \$600,000. There is a commitment from the Library Foundation to fund \$200,000 and from the Library Board of Trustees to provide \$250,000 from its private sector trust fund. Additionally, a request will be forthcoming to Council to request funds from the library fund balance.

Council Member Hansen questioned if the Library Board and the Foundation both view its fundraising efforts to be for improvements to the library, rather than maintenance, and if it sees the HVAC issue more of a City responsibility, to which Ms. Martinez replied in the affirmative. Mr. Hansen requested that the Library Board be approached on the possibility of participating in the funding of the HVAC replacement/upgrade, in light of the City's financial condition.

#### Community Center

Interim Community Center Director Baker reported that expenses for the Hutchins Street Square are projected at \$1.4 million, of which \$500,000 is brought back in as revenues. Hutchins Street Square has nine full-time staff and several part-time staff, including a rental consultant, arts liaison, secretary for the Hutchins Street Square Foundation (for which the City receives reimbursement), senior center staff, and those that help set up events, as well as lifeguards. Mr. Baker highlighted the following 2005-06 accomplishments:

- Increased the number of art participants by 25%. The art class revenues have doubled in the last four years and participation has increased in the ballroom dancing and cooking classes;
- Hosted six successful night time live events, including three, first time ever, sell-out performances;
- Increased rental revenues. Kirst Hall is regularly booked on Saturdays, and staff will return to Council with a proposal to increase the fee during prime time hours;
- Received a \$7,500 grant from the Older American Act for Senior Center information referral services. Volunteer health insurance counselors were on site this year to explain to seniors the Medicare prescription plan, and the Center logged in a record number of volunteer hours in counseling services. The number of senior students enrolling in computer classes also increased this year;
- Produced a number of events, including Art on the Square, Friday Night Art Hops, and the St. Mary's and Troup Cabana concert series; and
- Improved the appearance of the Square by painting the main hallways and planting 100 roses around the exterior of the square.

2006-07 emphasis includes:

- Continuing to increase rentals and classes to improve net revenues;
- Maintaining quality of existing programs and continuing to increase visibility of the Square;
- Increasing partnerships with media outlets and local groups in order to improve the offerings at the Square.

In response to Council Member Hansen, Mr. King stated that the total debt for the Certificates of Participation for 2006-07 is \$1.7 million. Of that amount, 30% is the Community Center debt, which is located in the non-departmental portion of the budget.

In response to Council Member Hansen, Mr. Baker stated that 70% of each class goes to the instructor and a small portion goes to security. At some point, there will be a cap because the facility will run out of space. The rentals are very successful, and it would appear that those figures will increase rather significantly over the revenue projection. The Square offers discounts on fees for non-profit organizations, and there are services that do not generate revenues, such as the Senior Center.

Mayor Pro Tempore Johnson stated that discussions have taken place regarding the potential merger of Parks and Recreation and the Community Center and he questioned if that option was being explored.

City Manager King responded that the goal is to look for areas that would be compatible in order to achieve a cost savings without going for a full consolidation. Examples would include utilizing software that both departments could use to register participants at either location, joint promotions and marketing, etc. The issue regarding the Youth Commission liaison was brought forward to the Lodi Budget/Finance Committee and whether that part-time position should be funded by the Community Center or if the function could be absorbed by one of the four recreation supervisors at Parks and Recreation. The committee recommended that the position be retained in the budget for the Community Center in a part-time capacity.

#### Community Development Department

Community Development Director Hatch reported that there are three major functions in Community Development: building, planning, and community improvement, and the department serves as the liaison to three Council-appointed committees: the Planning Commission, Site Plan and Architectural Review Committee, and Lodi Improvement Committee. There are 17 personnel with 2 vacancies that are presently in the process of being filled. The proposed budget is \$2.1 million, which represents a slight increase. Based upon the budgeted revenues, there is an 86% recovery through fees and charges for building and planning permits and code enforcement actions. Mr. Hatch reviewed the following 2005-06 accomplishments:

- Hired key personnel, including the Community Development Director;
- Started the process of updating the general plan;
- Completed code enforcement revision and hearing officer process;
- Updated fees and charges to more closely reflect costs;
- Updated the building standards; and
- Completed a fiscal study for new residential development. There are a number of new development applications in process: the Westside/Southwest Gateway project, the Blue Shield/Reynolds Ranch project, a number of commercial ventures, and the Delta College proposal.

2006-07 emphasis includes:

- Moving forward with the General Plan update;
- Continuing to move forward with the greenbelt;
- Updating the agricultural land mitigation and downtown retail mitigation fees;
- Adopting a revised unified development code;
- Converting to the International Building Code and new plumbing and mechanical codes;
- Bringing forward a revolving loan program to emphasize economic development through participation in the countywide Community Development Block Grant program;
- Completion of the Westside/Southwest Gateway and the Blue Shield/Reynolds Ranch projects, which are anticipated for early fall;
- Reviewing and updating the Wal-Mart Environmental Impact Report, which should come before Council in early spring; and
- Anticipating a high year of building permit activity.

In response to Council Member Hansen, Mr. Hatch stated that the agricultural mitigation and downtown retail mitigation fees should come before Council at the end of summer or early fall. There is an effort underway to study this issue before the fee is established, which is being done cooperatively among neighboring jurisdictions. At this point, San Joaquin County has not adopted the fee, however, the cities of Manteca and Lathrop have. Mr. Hatch has been working with the city of Stockton to develop the fee and the focus has been on the community separator area.

In response to Mayor Pro Tempore Johnson regarding the level of activity and staffing, Mr. Hatch stated that the department utilizes a number of consultants for major projects, the costs for which are being fully reimbursed by developers. The one exception is the General Plan update, which is a City-funded effort. Mr. Hatch felt confident that the department could move forward with the current level of staffing.

Council Member Mounce expressed concern about the lack of staff to enforce the newly adopted code enforcement ordinance, the purpose of which was to provide the necessary tools. Mr. Hatch responded that he would continue to reevaluate the staffing level and if at any time it appeared to be inadequate he would report the matter to the City Manager.

#### City Clerk

Interim City Clerk Perrin reported that the 2006-07 budget total for the City Clerk's Office is \$608,000, which includes the budgets for City Clerk, Council, Protocol, Elections, and Sister City. The budget represents a 19% increase over last fiscal year, which is due primarily to the cost of the November 2006 General Municipal Election. The San Joaquin Registrar of Voters estimated the election to cost \$111,000. Other increases and changes to the budget include an increase of \$5,500 in the Clerk's Office for codification of ordinances into the municipal code book and an increase of \$500 in the conference and business expense account for the Mayor. The City Clerk's Office remains at a staffing level of four. Ms. Perrin highlighted the following 2005-06 accomplishments:

- E-records – 172,000 pages on the system to date and staff has begun entering past ordinances onto the system;
- Electronic agendas and packets on the City's Web site – over 4,000 pages;
- City Council meeting minutes – 350 pages to date;
- Written and prepared 285 certificates and proclamations for presentation by the City;
- Handled the protests for the water rate increase by tabulating and verifying over 3,000 protests, as well as 610 from individuals other than property owners; and
- Processed two initiatives for the 2006 election.

Until the City Clerk position is filled, the 2006-07 emphasis is to maintain the current service level and remain up to date on the e-records system, as well as preparing for the election and completing the City's final Centennial celebration.

In response to Council Member Hansen, Ms. Perrin stated that the increase of \$96,000 over fiscal year 2005-06 is due completely to election costs.

#### City Manager / Economic Development

City Manager King pointed out that the principal change in the City Manager's budget was the funding of the economic development position for \$80,000, which was budgeted for half a year. If approved, the funds would most likely migrate into the economic development budget. The economic development budget of \$232,000 contains the direct cash donations in the amount of \$215,000, with the remaining funds to be used for office supplies and the necessary tools for staff to engage in economic development activities.

#### Information Systems Division

Information Systems Division Manager, Steve Mann, reported that the proposed budget is \$1.7 million, which represents an increase of \$79,000, all of which is in the personnel services area. The general fund ratio is 2.4%, and there are nine authorized positions, one of which is vacant. Mr. Mann highlighted the following 2005-06 accomplishments:

- Replaced core network components critical to the City's network infrastructure;
- Handled 3,000 help desk calls;
- Implemented the new electric rate structure;
- Developed an executive information dashboard;
- Web enabled various PDF or printed reports; and
- Assisted with deployment of the geographical information system server.



2006-07 emphasis includes:

- Implementing the new animal tracking system;
- Implementing the wireless hand-held meter reading devices;
- Implementing a new audio-visual system in the Carnegie Forum Council Chambers;
- Upgrading the network firewall;
- Streamlining information technology purchases; and
- Planning for replacement of major systems.

In response to Council Member Hansen, Mr. Krueger stated that all of the systems in the Finance Department, which are serviced by the Information Systems Division (i.e. Electric Utility billing, animal tracking, and business license systems), are revenue generating.

In response to Council Member Hansen, Mr. Mann stated that the tracking system was developed as a licensing component, which would also be a mechanism to track the traffic of animals coming through the shelter.

In response to Mayor Pro Tempore Johnson regarding the replacement of major systems, Mr. Mann stated that the initial phase of the process is to invite all departments and divisions together to start planning for the needs, expectations, and potential costs. The next phase is design and procurement, which is a year or so into the future.

#### Human Resources

Risk Manager, Kirk Evans, reported that the Human Resources function comprises 60% of the \$587,000 budget, with the risk management, training, and labor relations functions making up the remaining 40%. The 2006-07 budget has decreased by 3%, and there are five positions authorized in the budget, as well as some part-time hours. The Human Resources Manager position will not be filled until the next fiscal year. Mr. Evans reviewed the following 2005-06 accomplishments:

- Completed 34 full-time and 14 part-time recruitments;
- Coordinated an open enrollment health fair, Public Employees Retirement System workshop, and flexible spending workshop;
- Administered 43 general liability claims, which is a decrease from the prior year, and collected \$47,000 in damages caused by outside parties to the City;
- Administered 46 workers compensation claims, which is down from the prior year;
- Processed 2,600 certificates of insurance;
- Completed Occupational Safety and Health Administration required annual hearing testing;
- Completed harassment prevention training for all supervisors; and
- Completed a draft injury and illness prevention program.

2006-07 emphasis includes:

- Coordinating safety recognition event;
- Reviewing benefits provided to employees and implementing changes as necessary;
- Improving the City's position control. Staff is considering a system that would assist in the recruitment process by providing customized on-line applications and job announcements that will support the scoring, ranking, and referring of applicants to departments;
- Updating the administrative policy and procedures manual to incorporate new legislation and court decisions that have an impact on City operations;
- Performing infection control officer duties. Federal and state regulations require the City to have processes in place to protect employees from exposure to disease and provide early diagnosis and treatment should exposure occur; and
- Considering lowering the City's self-insured retention by either joining a pool with a lower self-insured retention or purchasing a policy on the open market.

In response to Council Member Hansen, Mr. Evans responded that Human Resources employs two part-time employees and the budget request includes an increased amount for part-time hours. In addition, the automated applicant tracking position would assist in streamlining the recruitment process.

#### Finance Department

Interim Finance Director, Ruby Paiste, reported that the Finance Department's budget of \$1.9 million is comprised of purchasing, accounting, billing, and revenue collections. The budget represents a decrease of \$247,000 from the prior year, which was due to the elimination of the finance director position and the vacant positions of one buyer and one customer service representative. There are eight vacancies in Finance, two of which are included in this budget (i.e. budget manager and purchasing technician), and there are six mandated vacancies. Ms. Paiste highlighted the following 2005-06 accomplishments:

- Prepared the Comprehensive Annual Financial Report;
- Revised and implemented the new purchasing system and provided training to staff on requisitions and purchase orders through the JDEdwards system;
- Implemented "positive pay" system for disbursements, in which the check registers are downloaded to the bank so that all disbursements are checked by the bank for reconciliation and fraudulent activity;
- Improved customer service. To better serve the public and departments, savings from this year were utilized to update computers and equipment and to send customer service representatives to customer service training. Additionally, improved signage was placed in the lobby to direct customers to the correct window and the "three is a crowd system" was instituted to better move the lines at the windows; and
- Reviewed all of the programs outside of the financial system to integrate with the mainframe, implemented automated manual payments, converted to laser printing for payroll checks, and provided additional benefit details on employee check stubs.

2006-07 accomplishments include:

- Working with Electric Utility and Public Works to develop a comprehensive collection policy, which would be a more definitive guideline for staff in billing, collections, and service connections. It may be necessary in the future to request a reclassification of one of the vacant accounts collectors in order to more aggressively pursue delinquent accounts;
- Continue improving communication to other departments and finding further ways to better serve the public; and
- Considering payment alternatives.

In response to Council Member Mounce, Ms. Paiste stated that the Finance Department will be looking into on-line payments in the near future. At Council Member Mounce's request, Ms. Paiste reported that the department received 62,000 phone calls this year, most of which were complaints regarding the water and wastewater increases.

In regard to customer service improvements, Mr. Krueger added that, in addition to the "three is a crowd" policy, Ms. Paiste adjusted staff hours in order to better cover the counters and phones and removed furniture in the lobby to reduce crowding, which has made a significant difference.

Council Member Hansen stated that he was not surprised to hear that Finance received 62,000 calls. One of the major complaints he has received from the public is the frustration with the phone system. Callers have gotten lost in the "loop," been cut off, or were unable to speak directly with staff.

Mayor Pro Tempore Johnson pointed out that the City could save money on its water quality report by printing it on plain paper, rather than the tri-fold, multi-color glossy paper.

City Attorney

City Attorney Schwabauer reported that the City Attorney's budget for 2006-07 is \$466,000, which represents an increase of 16.2%. The increase includes \$7,000 for workers compensation, \$20,000 for medical insurance, \$10,000 for PL & PD insurance, and \$20,000 for outside services. The City Attorney's Office maintains most of its litigation files in house, which are actively defended by the City Attorney or the Deputy City Attorney. The general fund ratio is 1.1%, and there is a personnel profile of three. Mr. Schwabauer highlighted the following 2005-06 accomplishments:

- Continued settlements in the PCE/TCE litigation, most recently the Southern Plume;
- Implemented work plans in the Northern and South Central Western Plumes. In the Northern Plume, \$650,000 worth of work has been done on a pro rata basis, and in the South Central Western Plume, \$130,000;
- Resolved a major accident injury claim at no cost to the City; and
- Started work on development agreements for subdivisions.

2006-07 emphasis includes:

- Resolving the Northern and South Central Western Plumes;
- Continuing the legal work associated with the PCE/TCE clean up and the case against the City against its former counsel;
- Actively enforcing code compliance under the new code enforcement ordinance;
- Resolving the San Joaquin County emergency medical services and the AT&T litigations that are pending; and
- Completing the Westside/Southwest Gateway and Blue Shield annexations.

Non-Departmental

Deputy City Manager Krueger reported that the increase in the 2006-07 budget relates to the transfers associated with asset replacement and fleet maintenance, as well as the transfer to the library. The insurance fund is comprised of employee benefits, which has a slight increase due to anticipated increases in health insurance costs. The accumulation of the amounts charged to departments goes into the internal service fund, which is shown as a double expense. The remaining funds that are classified as non-department are for debt service. Fleet and equipment replacement is shown as a transfer from the general fund and the operating departments. There is a transfer of \$178,000 from the general fund into the equipment replacement fund. The general capital outlay fund is comprised mostly of impact mitigation fees collected for general facilities, police and fire facilities, and park facilities.

Council Member Mounce expressed concern about the 10% reduction for the graffiti abatement officer, to which Mr. Prima explained that the part-time graffiti abatement officer's hours would decrease to 40%. Ms. Mounce also expressed concern about the equipment being used by the graffiti abatement officer, which is in poor working condition and prevents the tasks from being completed. The longer graffiti remains up, the more it fuels the gang problems, and she believed it was not a function that should continue to be reduced. She requested that the level not be decreased by 10%.

Mr. King stated that there may be other options for funding the graffiti abatement officer, such as Community Development Block Grant funds if it were determined to be an allowable activity under the program.

Council Member Hansen suggested that the Partners assist in reporting graffiti, to which Mr. Prima stated that the Police Department currently reports graffiti.

Council Member Beckman indicated that he would be willing to reconsider the funding level of the graffiti abatement officer and agreed with the statement that the longer it is visible, the more it incurs tagging.

Mayor Pro Tempore Johnson stated that building inspectors and street sweepers could also be reporting graffiti.

## RECESS

At 9:31 p.m., Mayor Pro Tempore Johnson called for a recess, and the City Council meeting reconvened at 9:41 p.m.

### I. PUBLIC HEARINGS (Continued)

#### I-1 Hearing Opened to the Public (Cont'd.)

- Ann Cerney requested information regarding the affect the downgrading of the bond rating for Electric Utility from BBB+ to BBB- might have on the budget. She stated that she could not find a reference in the budget to the franchise cost from the water and electric utilities and further stated that the budget was confusing. Ms. Cerney pointed out that the budget document was not on-line until the afternoon of the May 31 meeting and was quickly removed. She questioned what "NOC" meant under the category of special payments, which listed an amount of \$6,779,900.

#### Public Portion of Hearing Closed

City Manager King highlighted the various sections of the budget and explained its organization. The franchise amounts for gas, cable television, electric, sewer, water, and refuse are contained in the revenue detail. The potential downgrade from the bond rating agencies does not affect the budget.

Mr. Krueger explained that "NOC" under special payments stands for "no other category."

In response to Jane Lea's earlier comments, Mr. King stated that the budget for economic development is \$233,000, in addition to the \$80,000 for the economic development position in the City Manager's budget. Included in the economic development budget are the direct cash grants to the Lodi Conference and Visitors Bureau, Downtown Lodi Business Partnership, San Joaquin Partnership, and the Chamber of Commerce. In regard to development fees, this is an area that Lodi is behind the curve; however, he did not believe it would address any of the issues associated with remediation of PCE/TCE. Staff has brought forward the concept of Community Facilities District fees, which would pay for on-going costs for providing services to new residents, as well as development agreements, which are contracts between the City and the development community to leverage for additional benefits. Consultants are typically used for their skills and knowledge for a specific project and for a set period of time, which is the most efficient use of tax resources.

In response to Council Member Hansen regarding the release of the budget, Mr. King stated that the budget was put on line on May 31; however, he was concerned with the quality of the budget (i.e. formatting errors, blank pages, duplicate pages, etc.) and removed it in order to post a higher-quality version.

Mayor Pro Tempore Johnson agreed with Ms. Cerney that the budget is a complex document and it takes years of understanding and review to completely understand it. In past years, the budget process began much earlier; however, the public complained that the budget was being reviewed at 7 a.m. Shirtsleeve Sessions when people were typically going to work. This year, the timeline was compressed, and the City conducted a special televised meeting to reach out and provide the public an opportunity to review and understand the budget.

Mr. Krueger stated that this year's budget is in a different format than what it was in past years. There are various levels, beginning with a summary level and ending with a more finite detail level, which does create some redundancy. In regard to transfers, there has been a reduction in the transfer percentage over the last two years for each one of the utilities, which is a definite change in policy. Mr. Krueger offered his assistance in meeting with those interested in receiving additional details on the budget.

In response to Council Member Mounce, Mr. King stated that the garbage franchise has a set franchise fee. State law sets forth that competitive bids are not required for solid waste, but franchise negotiations are allowed. The most valuable asset that a solid waste company has is its franchise.

Council Member Hansen pointed out that, if the Council made a policy decision to receive a higher franchise fee, the garbage company's options are to operate with less profit or to pass the cost onto the consumers. The City would receive more money; however, the cost of that service would increase and likely be passed on to residents.

Council Member Mounce replied that the franchise revenues from cable television and the refuse company are about equal, \$240,000 for the year; however, the payment is not the same amount for cable as it is for garbage.

MOTION / VOTE:

There was no Council action taken on this matter.

J. COMMUNICATIONS

J-1 Claims filed against the City of Lodi – None

J-2 The following postings/appointments were made:

a) The City Council, on motion of Council Member Mounce, Beckman second, made the following appointments by the vote shown below:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

Greater Lodi Area Youth Commission

Holly Jacobus Term to expire May 31, 2008

Lee Kraljev Term to expire May 31, 2008

Sarah McConahey Term to expire May 31, 2008

Jacob Pearson Term to expire May 31, 2008

Whitney Sandelin Term to expire May 31, 2008

J-3 Miscellaneous – None

K. REGULAR CALENDAR

K-1 "Approve Measure K Renewal Final Draft Expenditure Plan and endorse the renewal of Measure K"

City Manager King reported that the City has submitted its comments on the Measure K Renewal Draft Expenditure Plan, which were presented to the San Joaquin Council of Governments (SJCOG) board. SJCOG incorporated Lodi's comments and has approved the expenditure plan, which is now up for approval by San Joaquin County cities.

Andrew Chesley, Director of SJCOG, stated that the board of directors adopted the draft expenditure plan in April. The process requires that four of the incorporated cities, one of which must be the city of Stockton, and the San Joaquin County Board of Supervisors approve the expenditure plan before it can be brought forward to the November ballot. In this case, the Board of Supervisors and six of the seven cities have approved the Measure K Expenditure Plan, with Lodi being the last city to take action. SJCOG has attempted to address all of Lodi's comments in the expenditure plan. Both sections of Route 12 have been included in the expenditure plan from Lower Sacramento Road west to I-5 and from I-5 west to Boulder Island. Should the Lodi City Council approve the plan, the SJCOG board of directors would adopt an ordinance for implementation of the Measure K program and would request the Board of Supervisors to place the measure on the ballot. The letter designation would then be granted by the San Joaquin County Registrar of Voters, and on November 7 the voters will determine whether to renew Measure K or not.

Council Member Hansen asked Mr. Chesley to explain what would happen if Measure K were not renewed.

Mr. Chesley explained that the Measure K program would continue through the year 2011, at which time it would end and \$18 million of local street repair dollars would cease to go to San Joaquin County and the cities. The Altamont Commuter Express service, which operates with 50% of its costs from the Measure K program, would either be cut back or eliminated. Interregional and intercity transit service would stop, as would some handicap services.

Council Member Hansen requested a brief account on the lack of timeliness of SJCOG meeting the requirements on the current Measure K Expenditure Plan.

Mr. Chesley stated that one of the issues has been the regional transportation impact fee, which was a portion of the ordinance adopted in the Measure K program. It was the intent of Measure K to implement a regional transportation impact fee by 1994; however, that date came and went. In 1995, the SJCOG board adopted a \$454 fee; however, that did not meet the spirit of the ordinance. The board on several other occasions attempted to craft a regional transportation impact fee, but consensus could not be built in the county. Finally, last year the SJCOG board adopted a regional transportation impact fee, and all of the cities in the county have adopted it. The Sierra Club, which was the strongest critic, participated in the development of the fee and is satisfied with the fee as adopted. The chairman of the local chapter has indicated that it would support the Measure K renewal.

MOTION:

Council Member Hansen made a motion, Beckman second, to approve the Measure K Renewal Final Draft Expenditure Plan and to endorse the renewal of Measure K.

PUBLIC COMMENTS:

- Ann Cerney believed that the Measure K program did not address the future; it only addressed past flawed decisions to urbanize areas previously dedicated to agriculture, and she believed that Measure K was a catch up measure.

Council Member Hansen disagreed with Ms. Cerney's comments and stated that the future would be very bleak without these funds to address the transportation concerns.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

- K-2 “Adopt resolution accepting Certificate of Sufficiency of Petition for the Water Rate Reduction Initiative submitted by Jane Lea and Dawn Squires; and adopt resolution to place the measure on the ballot for the November 7, 2006, General Municipal Election”

Interim City Clerk Perrin reported that the petition for the water rate reduction initiative was filed in the City Clerk's Office on May 5 by Jane Lea and Dawn Squires. Following the prima facie check, it was forwarded to the San Joaquin County Registrar of Voters who did a random sample check and found the projected number of valid signature to be 4,020. As this number exceeds the minimum 10% of voters of the City required to qualify, the petition was certified as sufficient. The elections code allows for Council to either adopt the ordinance without alteration, submit the ordinance without alteration to the voters, or order a report regarding the initiatives effects on municipal operations, which must be presented to Council no later than 30 days after the certification of the sufficiency of the petition.

MOTION #1 / VOTE:

The City Council, on motion of Council Member Mounce, Beckman second, adopted Resolution No. 2006-109 accepting the Certificate of Sufficiency of Petition for the Water Rate Reduction Initiative submitted by Jane Lea and Dawn Squires. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

MOTION #2:

Council Member Mounce made a motion to adopt Resolution No. 2006-110 placing the measure on the ballot for the November 7, 2006, General Municipal Election. Council Member Beckman asked if the motion would include ordering the analysis, to which Ms. Mounce replied in the affirmative. Council Member Beckman seconded the motion.

DISCUSSION:

Council Member Hansen questioned if ordering the reports would still allow for the measure to be on the November ballot, to which Ms. Perrin replied in the affirmative.

City Manager King suggested that Council order the item to be placed on the ballot and then direct staff to prepare reports on the impacts.

MOTION AMENDED:

Council Member Mounce amended the motion, Beckman second, to adopt Resolution No. 2006-110 placing the measure on the ballot for the November 7, 2006, General Municipal Election and further ordering a report on the initiative's effect on municipal operations.

DISCUSSION:

Mayor Pro Tempore Johnson clarified that the reports would not have an affect on placing the measure on the ballot.

Council Member Hansen reiterated a previous request of his to receive a report on the impact of this measure on the budget if it is passed.

City Manager King replied that the Council has two choices from where to take the money should the measure pass: from the water and wastewater infrastructure replacement fund or out of the general fund either proportionately across all departments or targeting particular departments.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

- K-3 “Adopt resolution setting priorities for filing written arguments regarding Fire and Facilities Sales Tax and Water Rate Reduction measures scheduled for the November 7, 2006, General Municipal Election and directing the City Attorney to prepare an impartial analysis”

Interim City Clerk Perrin reported that the resolution before Council authorizes all members of the City Council to file a written argument in favor of or against the two measures. The resolution also directs the City Attorney to prepare an impartial analysis. The deadlines are June 21 for filing arguments and July 3 for filing rebuttal arguments.

MOTION / VOTE:

The City Council, on motion of Council Member Mounce, Beckman second, adopted Resolution No. 2006-111 setting priorities for filing written arguments regarding the Fire and Facilities Sales Tax and Water Rate Reduction measures scheduled for the November 7, 2006, General Municipal Election and directing the City Attorney to prepare an impartial analysis. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

- K-4 “Approve expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation and various other cases being handled by outside counsel (\$99,118.67)”

City Attorney Schwabauer reviewed expenses incurred by outside counsel/consultants as was outlined in the staff report.

MOTION / VOTE:

The City Council, on motion of Council Member Mounce, Beckman second, approved the expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation and various other cases being handled by outside counsel in the amount of \$99,118.67, as detailed below, and shown by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

**Folger Levin & Kahn - Invoices Distribution**

				183453.7323
Matter	Invoice			Total
No.	No.	Date	Description	Amount
8002	95061	4/30/2006	People v. M&P Investments	39,843.33
				(975.00)
8003	95062	4/30/2006	Hartford Insurance Coverage Litigation	38,537.72
8008	95060	4/30/2006	City of Lodi v. Envision Law Group	1,623.49
	6172	3/31/2006	Peter Krasnoff/WEST	2,385.00
	13262	4/30/2006	Keith O'Brien/PES Environmental, Inc.	3,375.00
				<u>\$84,789.54</u>

**Kronick Moskovitz Tiedemann & Girard - Invoices Distribution**

Matter	Invoice			Total	
No.	No.	Date	Description	Amount	100351.7323
				<u>183453.7323</u>	
11233.001	225056	04/25/06	General advice	389.21	389.21
11233.017	225056	04/25/06	City of Lodi v. M&P Investments (2441)	238.60	238.60
11233.026	225056	04/25/06	Lodi First v. City of Lodi	741.65	741.65
11233.027	225056	04/25/06	Citizens for Open Govt. v. City of Lodi	257.30	257.30
11233.029	225056	04/25/06	AT&T v. City of Lodi	12,532.99	12,532.99
				<u>14,159.75</u>	<u>13,921.15</u>
					238.60

**JAMS Mediation Service 183453.7323**

Invoice No.	Date	Description	Amount
1144989-110	04/2006	Mediation Services – M&P Investments	<u>\$ 169.38</u>



L. ORDINANCES

- L-1 Ordinance No. 1779 entitled, "An Ordinance of the City Council of the City of Lodi Amending Lodi Municipal Code Title 5 – Permits and Regulations – by Repealing and Reenacting Chapter 5.12, 'Cardrooms,' in its Entirety"

MOTION:

Following reading of the title of Ordinance No. 1779 entitled, "An Ordinance of the City Council of the City of Lodi Amending Lodi Municipal Code Title 5 – Permits and Regulations – by Repealing and Reenacting Chapter 5.12, 'Cardrooms,' in its Entirety," having been introduced at a regular meeting of the Lodi City Council held May 17, 2006, the City Council, Council Member Mounce made a motion, Hansen second, to waive reading of the ordinance in full and adopt and order it to print.

DISCUSSION:

Council Member Beckman requested that Section 5.12.170 regarding gross revenues be amended to have the money go to a gamblers anonymous type of entity to help those with gambling addictions as opposed to going to the City coffers.

PUBLIC COMMENTS:

- David Nielsen suggested that a portion of the revenues go toward the employment of one more police officer.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, and Mounce  
Noes: Council Members – Beckman  
Absent: Council Members – Mayor Hitchcock  
Abstain: Council Members – None

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 10:45 p.m.

ATTEST:

Jennifer M. Perrin  
Interim City Clerk